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**DECLARATION ADOPTED BY THE SEVENTH
ANNUAL MINISTERIAL MEETING OF THE LEAST
DEVELOPED COUNTRIES**

Note by the UNCTAD secretariat

The Declaration adopted by the Seventh Annual Ministerial Meeting of the Least Developed Countries, which met in New York on 30 September 1997, is being issued herewith as an official document of the Trade and Development Board at the request of the Permanent Representative of Bangladesh to the United Nations and Coordinator of LDCs in New York.

(As Adopted)

**DECLARATION OF THE
SEVENTH ANNUAL MINISTERIAL MEETING OF THE
LEAST DEVELOPED COUNTRIES
NEW YORK, 30 SEPTEMBER 1997**

We, the Ministers of the Least Developed Countries, meeting in New York during the 52nd session of the UNGA pursuant to the decision of the Dhaka Declaration of February 1990;

Recalling the Paris Declaration and the Programme of Action for the LDCs for the 1990s, as well as the outcome of the High-level Intergovernmental Meeting on the Mid-term Global Review of the Programme of Action for the LDCs for the 1990;

Recalling the Ministerial Declaration adopted in New York on 30 September 1996 during the 51st session of the UNGA;

Having assessed progress in the implementation of the Programme of Action, solemnly declare the following:

1. We are deeply concerned that the overall rate of growth of the LDCs as a group declined in 1996 compared with 1995 despite the painstaking efforts undertaken by LDCs. The lack of progress in the implementation of Paris Declaration and the Substantial Programme of Action for the LDCs for the 1990s and the poor outcome of the structural adjustment measures are largely attributed to the failure of the international community to come with the level of committed support to the LDCs.
2. The disbursements to LDCs of official development assistance (ODA), their overwhelmingly dominant source of external resources, has continued to decline in real terms. The ratio of ODA flows to LDCs to the GNP of DAC countries fell to 0.06 per cent in 1995, the lowest level on record. This declining trend is in sharp contrast with the commitment made in the Programme of Action to provide LDCs with significant and substantial increases in the aggregate level of external support. We call upon our development partners to take urgent actions to reverse the negative trend and ensure that adequate resources to support the efforts of the LDCs are made available.
3. The strenuous structural adjustment and economic reform measures undertaken by LDCs have produced a modest growth in some countries, and the LDCs are committed to continue and deepen the process of reform. In order for this initiatives to take deep roots, the necessity of support from the development partners in providing adequate external assistance, debt relief and easy access to technology, product and service markets can not be overemphasized. In this regard, we welcome the initiative taken by the G-7 Summit at Denver on "Africa: Partnership for Development" and hope that importance will be given to its speedy implementation. We also hope that the call at the Lyon G-7 Summit last year for giving preferential access to products from LDCs will materialize soon.

4. The share of LDCs in world exports continues to be under 0.04 per cent, indicating their growing marginalization in world trade. Trade liberalization measures in many cases has been adopted unilaterally by many LDCs, without expansion of access to markets of developed economies. Major declines in their export prices in recent months and sharply rising import prices serve to indicate that the prospects of LDCs' losing out further in the process of globalization and liberalization is very real. Indeed, it has been estimated that the LDCs stand to lose up to \$600 million a year from the globalization process.

5. The least developed countries have been bypassed by international foreign direct investment flows despite increasing magnitude and dynamism of the current investment boom. Indeed in a large number of LDCs the ratio of FDI to GDP has fallen over the past decade. Out of dollar 350 billion of world FDI lows in 1996, the developing countries received a record inflow of \$129 billion. However, foreign investment flows have remained limited to a handful of developing countries, and the net inflow to LDCs have merely been around \$1 billion. This has occurred inspite general acknowledgement by the private sector the existence of investment opportunities in the LDCs. Institution of financial support and specific incentives by the home countries are necessary to encourage investment flows. We reiterate that under the present condition foreign direct investment can not be a substitute for official development assistance in the LDCs. The least developed countries desperately need ODA for capacity building, establishment of basic institutional infrastructure and strengthening the existing fragile means of development.

6. Since investment flows are often tied up with transfer of technology, the LDCs are mostly left out of the know-how for achieving development. The international community should promote, facilitate and finance access to sound technology and corresponding on preferential terms taking into account the special need for of the LDCs. In order to encourage transfer of technology and corresponding know-how from the private sector, specific financial and other incentives should be instituted.

7. The external debt situation of LDCs continues to remain a matter of great concern. The debt burden has continued to grow: between 1990 and 1995, the combined debt stock increased by \$20 billion. Clearly, the debt relief measures currently in place have proved to be grossly inadequate. Without a decisive reduction in debt stock and debt service obligations, it would not be possible to attain any meaningful growth rate.

8. We consider the HIPC initiative of the World Bank and IMF as a step in the right direction. However, the effectiveness of the scheme will depend critically on the speed of implementation and the extent of relief provided. While a majority of LDCs are included under the HIPC, the debt relief requirements of the other LDCs should also be promptly and adequately met. We also appeal to all creditor countries to fully cancel all outstanding bilateral official debt owed by LDCs.

9. We welcome the WTO Plan of Action for LDCs, adopted at the first Ministerial Meeting of the WTO, held in Singapore in December 1996. This Plan of Action, which provides a framework for according further market access concessions to LDCs and for undertaking actions to improve their supply capacity, needs to be given full and adequate content. We call upon our trading and development partners to undertake, at the High-level Meeting on LDCs to be held in Geneva during 27-28 October 1997, further market access commitment, including duty-free access provision for all exports from LDCs. We also urge that an integrated initiative be agreed upon at that meeting on providing LDCs with coordinated and substantially increased technical cooperation in trade and trade-related areas with a view to strengthening their supply capacity of exportable goods and services, in line with the Marrakesh Ministerial Decision on Measures in Favour of LDCs.

10. In this connection, we express our appreciation to the Secretary-General of UNCTAD for his initiative, in cooperation and coordination with the relevant international organizations, to assist LDCs to formulate Integrated Country Programmes (ICP) for strengthening supply capacity of exportable goods and services, pursuant to the relevant decision of the Trade and Development Board at its annual session last year. We note the progress that has been made so far in this regard, and urge upon all development partners and other countries in a position to do so, to contribute generously to the UNCTAD Trust Fund for LDCs which aims to provide start-up costs for ICPs. We welcome the cooperation among concerned organizations, particularly UNCTAD, WTO, ITC, UNDP and Regional Commissions in the process of formulation and implementation of the ICPs. We also strongly stress that the above actions in trade and trade-related areas will need to be complemented by full and expeditious implementation of all special and differential measures for LDCs contained in the Final Act of the Uruguay Round, the outcome of the Mid-term Global Review of the Programme of Action for LDCs and other agreements. We further emphasize the need for additional measures such as exempting LDCs from tariff peaks and tariff escalation and removing all non-tariff barriers, 'safety net' mechanisms to help LDCs overcome the transitional difficulties in the aftermath of the Uruguay Round, and the provision of adequate financial support and debt relief.

11. The third UN Conference on the Least Developed Countries will provide the international community with a forum to undertake a comprehensive assessment of the overall development problematique of the LDCs and to launch a new action programme for the first decade of the coming century, with a view to promoting their long-term economic and social development and accelerating their integration into the international economic and trading system. As called for in UNGA resolution 50/103 we request the current session of the General Assembly to finalize its decision on the time-frame, venue and the preparatory process of the Third UN Conference on the LDCs, proposed to be held in the year 2000. The Trade and Development Board, at its annual session next month, should provide necessary inputs to the General Assembly regarding the preparatory activities for the Conference, and consider issues that could form the core of its substantive agenda.

12. The United Nations must revamp itself to accord high priority to poverty eradication measures. While welcoming the efforts of Secretary-General to assign priority to the LDCs, we stress that the UN should significantly enhance its support to the LDCs from its present level. We hope that the UN system, after its reform would be adequately equipped to take on additional responsibility concerning LDCs. We also believe that the bulk of the expected savings from the reform process would be earmarked for development activities, and high priority should be accorded to LDCs in their allocation.

13. We reaffirm the central role of UNCTAD within the UN system in dealing with issues concerning LDCs, and emphasize that it be adequately strengthen to discharge its mandates in regard to the LDCs. We also ask the funds and programmes as well as the regional commissions to attach special importance to the LDCs in their activities. In particular, the Office of the Special Coordinator for the Least Developed, Land-locked and Island Developing Countries should be provided with required resources for effective discharge of its responsibilities

14. We welcome the outcome of the Microcredit Summit, in Washington, DC, from 2 to 4 February 1997 which launched a global movement to reach 100 million of the world's poorest families, especially women, with credit for self-employment and other financial and business services, by the year 2005. We recognize that microcredit programs are a key strategy in promoting self-employment, income generation, eradication of poverty and empowerment of people, particularly women, and attaining better social justice through facilitating access to credit by the poor. In order to reach the goal of the Summit we need to establish new and strengthen the existing microlending institutions for facilitating access of credits to people living in poverty. We call on all regional and international institutions working to eradicate poverty to come forward to help us attain the goal of the Summit.

15. We express our gratitude to Her Excellency Sheikh Hasina, Prime Minister of Bangladesh, for continuing substantive communications on behalf of LDCs, with the Heads of State and Government of the G-7 countries. We are convinced that this standing arrangement for such a dialogue will continue to prove to be greatly beneficial to the LDCs. We would like to request Her Excellency the Prime Minister to continue her dialogue with the leaders of the G-7 countries, as well as of other development partners, with a view to bringing to their attention issues of particular concern to LDCs.